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A concise argument against

"Rich Man's War" Propaganda

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Wall Street *and the* War

This war is everybody's war; we are all in it. It was made by the Government of the United States in behalf of all the people. It was not undertaken for the benefit of any section or class in the nation. It was not begun at the behest of any fragment of the people. The benefit which will be derived from the successful prosecution of this war will not go to any class or group. They will be shared by all the people, but chiefly enjoyed by the poorer classes. The burdens of the war will be borne by all classes, not chiefly by the poorer. In particular it is to be noted that, among business men, the makers of munitions will not profit greatly from the entry of the United States into the war. Rather they will be worse off than before that event.

This war was undertaken to crush finally the menace of Prussian despotism and "to make the world safe for de-

mocracy." The German Empire rests on the might of the Prussian army and that army owes obedience not to the people nor even to Parliament, but to the King alone.

Speaking to the Prussian Parliament some time before the outbreak of the present war, Bethmann-Hollweg declared; "The dearest desire of every Prussian is to see the King's army remain completely under the control of the King and not to become the army of Parliament."

Professor Delbruck of the University of Berlin has written thus of the army: "The King is their comrade and they are attached to him as their war lord, and this is the very foundation of our national life. The essence of our monarchy resides in its relations with the army. Whoever knows our officers must know that they would never tolerate the government of a minister of war issuing from Parliament."

There are, indeed, Parliaments in Prussia and in the German Empire, but they are weak bodies, being little more than debating societies. German writers

have called the Reichstag, the most powerful assembly in Germany, a "Hall of Echoes." Even this body can do little except to register its assent or disapproval of plans presented to it by the Emperor's ministers. These ministers can, and on occasion do, defy the representatives of the German people and taunt them with their powerlessness to oppose the wishes of the Emperor. There is no democracy in the German Government, nor any safety for democracy in any land while the despotism of Prussia exists. This power, resting upon a large structure of militarism which has sacrificed everything to make the nation efficient in war, is the power which has attacked the United States. It can be resisted only by force of arms, because that is the argument to which it has appealed. This means that unless this war is won by the forces which are fighting in defense of democracy, we must prepare ourselves to undergo a discipline as rigorous and to support a burden as heavy as that now borne by the German people. A standing army of tremendous

size, supported by huge expenditures for the latest and best equipment, would be forced upon this nation as a permanent institution, so long as the menace of Prussian military power remained. There is not only mighty force in Germany, but the determination to use that force in aggression against the rest of the world. The declarations of the Emperor to Ambassador Gerard show that Germany was planning to strike at the United States when she had finished the present conflict. Already official German press dispatches talk of "the next war" which shall give Germany the world dominion she so much covets. The chief benefit of a victory for the opponents of such aggression would be greater safety for democracy, **which is but another way of saying greater freedom and opportunity for the common man in every nation.**

This, and other gains from this war belongs to the rich man and the poor man alike. This war, which secures such benefits, is indeed **everybody's** war.

The costs of this great struggle are tremendous and they are to be borne by

those to whom the benefits shall come. As all the people gain, so all contribute of their services and powers to the support of the government in its prosecution of the war. **The Selective Service Law has given us a truly democratic army into which we have called all our young men, without distinction between rich and poor.** In calling for contributions of money, also, the Government has not laid upon the poor burdens greater than they ought to be called upon to bear in this hour of great danger to the nation. The charge that this war was undertaken at the behest of the rich men of the country finds strong refutation in the distribution of taxes in all war revenue bills passed by the last Congress. **In this law the heaviest contributions are laid upon large incomes and profits from great business. A Congress which made war upon the order of the wealthy would hardly have dared to treat its masters so. The taxes which would most directly affect the great mass of the people, such as those on tea, coffee and sugar were not accepted by the lawmakers,** though

urged upon their attention. It cannot, however, be argued that the rich man is only paying for special advantages he will gain from the war. There are no gains which will come to the rich in which all the people will not share. The advantages of living in a world freed from the menace of Prussian Militarism are of greater value to the poor man than to the rich. **In a state where there is no democracy the advantages of the rich man over the poor are greatly increased.** The security won by this war is valuable to all Americans, without respect to wealth. In no sense can this be called a rich man's war.

A further burden now being borne by the property owners of this country arises from the depreciation in the value of their investments in stocks and bonds. Many of the most reliable issues have suffered a serious decline in price. The underlying cause is not to be found in the activities of speculators and jugglers of the stock market. Many factors combine to produce this result, among which should certainly be named the heavy

taxes which have been found necessary in order to support this war. **The United States Government, further, has come into the financial field offering bonds at an unusually high rate of interest and this has had the effect of making other investments less attractive and hence of lowering their price.** It is idle to argue that these losses are only on paper. They are real losses in value, since they are based on the decreases in the income yielded by the securities. Nor can it be argued that the rich get a return for the burden thus borne, since they gain nothing from this war which is not shared by everyone in the country, whether or not he owns a single bond or share of stock.

In particular it can be shown clearly and briefly that the American participation in this war does not benefit the makers of munitions in any such degree as the public has been led to believe. **The first false impression to be overcome is the notion that the making of munitions during the present war has been uniformly profitable at a fabulous**

rate. The fact is quite the contrary. Figures compiled by the United States Treasury Department reveal that only about half the munition makers of the country earned enough to make them taxable under the special taxes imposed by Congress. These figures relate to the period **prior to the declaration of war by the United States,** the time when the profits in this particular business were at their greatest. Figures produced in Congress during the debates on the subject of special taxation of profits from munition making proved clearly, that, while a few concerns had made large amounts of money, the general run of concerns in this business had **not earned a rate of profit upon their investments equal to that obtained in the field of ordinary business.** To use a business phrase, the making of munitions has been a particularly "spotty" sort of enterprise. It is notable that one of the concerns whose aggregate gains have reached the highest figure has actually earned a rate of profit less than that prevailing in the general run of industrial undertakings. **Bankruptcy has been the fate of many**

an enterprise in this field. This experience, it should be added, has not been confined to the United States, but has been duplicated in all the belligerent countries. Abroad most of the war taxation of excess profits was at first aimed solely at the munition manufacturers, because it was thought that they would be most likely to reap unusual gains from the war situation. In all these countries the event proved this to be a false assumption, and the taxes have therefore been broadened to include other lines of enterprise. The fact of the matter is that those who reap the greatest gains from their nation's participation in war are the producers of the fundamental raw materials upon which the structure of industry rests. The list of such producers includes the miner and the farmer, but not the maker of shrapnel.

The entry of the United States into the war has, moreover, hurt, rather than helped the munition makers. **Their taxes have been increased, until they now bear a burden heavier than that laid upon similar industries in Great Britian.** Though the rate of the American tax is lower, the basis upon which excess profits are computed in such less favorable to the corporations than that used in England. In addition to this our muni-

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tion manufacturers [illegible] the advantageous market they formerly enjoyed. Their dealings with our own Government are on the basis of **fixed prices which cut the margin of profit to a small figure.** As the buying of the Allies becomes centralized the possibility of getting a higher price from foreign governments also disappears. **Without mentioning increasing costs due to labor conditions consequent upon the entry of this country into the war the situation of the maker of munitions is worse than it was before the United States joined the ranks of Germany's foes. The munition makers were in a position to know these things before our Government declared war. They can hardly be thought to have urged such a step.**

The war cannot be called a "rich man's war," for it is everybody's war. The benefits to be gained belong to everyone in the nation. In particular, it is fallacy to hold that the rich man, or any fragment of them, such as the munition makers, urged the war for their own gains. They now bear a heavy burden, it is true, but they will derive no benefits other than those shared by all the people when the world shall have been made safe for all the people.

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